

WILTON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,  
BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION  
AND SCHEDULE OF FINDINGS

JUNE 30, 2012

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2012

| <u>Name</u>                             | <u>Title</u>    | <u>Term Expires</u> |
|-----------------------------------------|-----------------|---------------------|
| <b>Board of Education</b>               |                 |                     |
| <b>(Before September 2011 Election)</b> |                 |                     |
| Linda Duncan                            | Board President | 2011                |
| Gary Mauer                              | Board Member    | 2011                |
| Anthony Hurd                            | Board Member    | 2011                |
| Jeff Belknap                            | Board Member    | 2013                |
| Christopher Watkins                     | Board Member    | 2013                |

**(After September 2011 Election)**

|                     |                 |      |
|---------------------|-----------------|------|
| Linda Duncan        | Board President | 2015 |
| Jeff Belknap        | Board Member    | 2013 |
| Christopher Watkins | Board Member    | 2013 |
| Gary Mauer          | Board Member    | 2015 |
| Anthony Hurd        | Board Member    | 2015 |

**School Officials**

|                     |                                     |            |
|---------------------|-------------------------------------|------------|
| Joe Burnett         | Superintendent                      | 2012       |
| Joy Gehrls          | District Secretary                  | Indefinite |
| Staci Owens-Kirkman | District Treasurer/Business Manager | Indefinite |

**KAY L. CHAPMAN, CPA PC**

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Muscatine, Iowa 52761  
563-264-1385

Independent Auditor's Report

To the Board of Education  
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District, Wilton, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wilton Community School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 12, 2013 on my consideration of Wilton Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. Other supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the nine years in the period ended June 30, 2012, appearing in Schedule 8, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
March 12, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Wilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$8,241,695 in fiscal 2011 to \$8,110,080 in fiscal 2012, and General Fund expenditures increased from \$7,978,154 in fiscal 2011 to \$8,029,603 in fiscal 2012. The District's General Fund balance increased from \$1,696,580 in fiscal 2011 to \$1,778,157 in fiscal 2012, a 5% increase.
- In both FY2011 and FY2012 revenues were higher than expenditures and both years included a cash reserve levy in excess of \$300,000; thus, allowing the fund balance to increase.
- USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Wilton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wilton Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental and Enterprise funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

***Wilton Community School District Annual Financial Report***

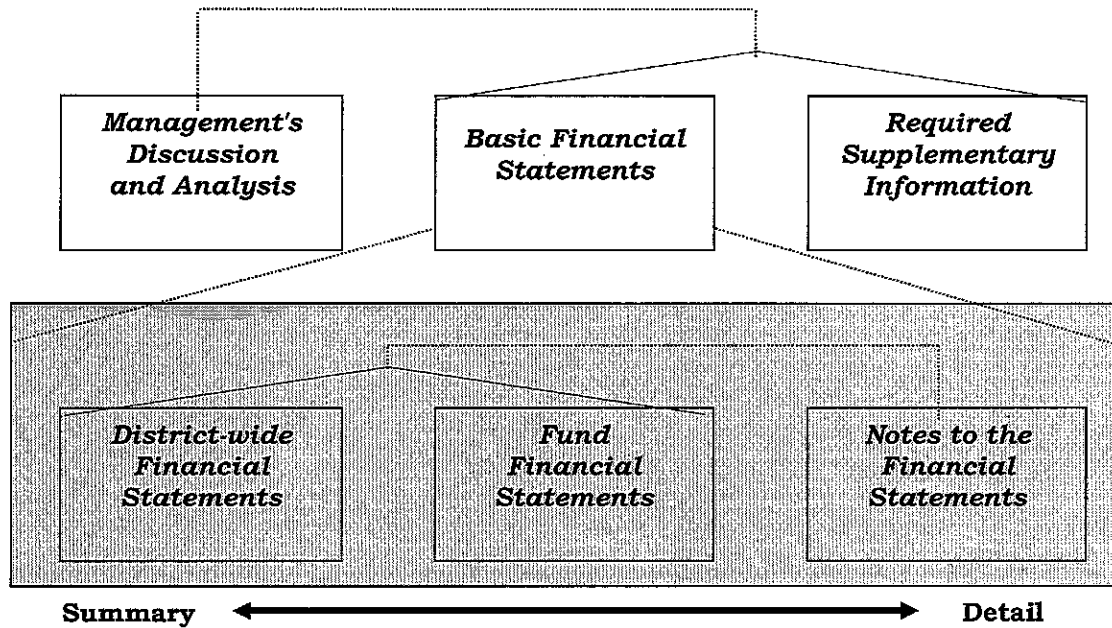




Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

***Major Features of the Government-wide and Fund Financial Statements***

|                                        | Government-wide Statements                                                                                     | Fund Statements                                                                                                                                                                                          |                                                                                                                                                                                          |                                                                                                                                               |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                        |                                                                                                                | Governmental Funds                                                                                                                                                                                       | Proprietary Funds                                                                                                                                                                        | Fiduciary Funds                                                                                                                               |
| Scope                                  | Entire District (except fiduciary funds)                                                                       | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance                                                                                 | Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs                                                                      | Instances in which the District administers resources on behalf of someone else, such as scholarship programs                                 |
| Required financial statements          | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>                                                            | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul> |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus                                                                | Modified accrual accounting and current financial resources focus                                                                                                                                        | Accrual accounting and economic resources focus                                                                                                                                          | Accrual accounting and economic resources focus                                                                                               |
| Type of asset/liability information    | All assets and liabilities, both financial and capital, short-term and long-term                               | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                                           | All assets and liabilities, both financial and capital, short-term and long-term                                                                                                         | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                   |
| Type of inflow/outflow information     | All revenues and expenses during year, regardless of when cash is received or paid                             | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid                                                                                                   | All additions and deductions during the year, regardless of when cash is received or paid                                                     |

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, FFA farm operations, swimming pool operations and latchkey programs are included here.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has four enterprise funds, the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for

other District programs and activities. The District currently has two internal service funds, the Self-Insurance Fund and the Employee Flex Benefits Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of an Agency Fund.

- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for the community mentoring program and various trip funds.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3

|                             | Condensed Statement of Net Assets |                      |                   |                   |                      |                      |                  |
|-----------------------------|-----------------------------------|----------------------|-------------------|-------------------|----------------------|----------------------|------------------|
|                             | Governmental                      |                      | Business Type     |                   | Total                |                      | Total            |
|                             | Activities                        |                      | Activities        |                   | District             |                      | Change           |
|                             | <u>2012</u>                       | <u>2011</u>          | <u>2012</u>       | <u>2011</u>       | <u>2012</u>          | <u>2011</u>          | <u>2011-2012</u> |
| Current and other assets    | \$ 6,307,495                      | \$ 6,160,845         | \$ 197,876        | \$ 169,181        | \$ 6,505,371         | \$ 6,330,026         | 2.77%            |
| Capital assets              | <u>8,183,161</u>                  | <u>8,171,294</u>     | <u>32,583</u>     | <u>45,925</u>     | <u>8,215,744</u>     | <u>8,217,219</u>     | -0.02%           |
| Total assets                | <u>14,490,656</u>                 | <u>14,332,139</u>    | <u>230,459</u>    | <u>215,106</u>    | <u>14,721,115</u>    | <u>14,547,245</u>    | 1.20%            |
| Long-term liabilities       | 236,904                           | 380,172              | -                 | -                 | 236,904              | 380,172              | -37.69%          |
| Other liabilities           | <u>2,959,165</u>                  | <u>2,942,479</u>     | <u>16,537</u>     | <u>21,842</u>     | <u>2,975,702</u>     | <u>2,964,321</u>     | 0.38%            |
| Total liabilities           | <u>3,196,069</u>                  | <u>3,322,651</u>     | <u>16,537</u>     | <u>21,842</u>     | <u>3,212,606</u>     | <u>3,344,493</u>     | -3.94%           |
| Net assets                  |                                   |                      |                   |                   |                      |                      |                  |
| Invested in capital assets, |                                   |                      |                   |                   |                      |                      |                  |
| net of related debt         | 8,183,161                         | 7,996,294            | 32,583            | 45,925            | 8,215,744            | 8,042,219            | 2.16%            |
| Restricted                  | 710,571                           | 548,948              | -                 | -                 | 710,571              | 548,948              | 29.44%           |
| Unrestricted                | <u>2,400,855</u>                  | <u>2,464,246</u>     | <u>181,339</u>    | <u>147,339</u>    | <u>2,582,194</u>     | <u>2,611,585</u>     | -1.13%           |
| Total net assets            | <u>\$ 11,294,587</u>              | <u>\$ 11,009,488</u> | <u>\$ 213,922</u> | <u>\$ 193,264</u> | <u>\$ 11,508,509</u> | <u>\$ 11,202,752</u> | 2.73%            |

The District's combined net assets increased by approximately 3%, or \$305,757 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$161,623, or 29% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$29,391, or approximately 1%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4  
Change in Net Assets

|                                       | Governmental Activities |                      | Business Type Activities |                   | Total District       |                      | Total Change |
|---------------------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|--------------|
|                                       | 2012                    | 2011                 | 2012                     | 2011              | 2012                 | 2011                 | 2011-2012    |
| Revenues                              |                         |                      |                          |                   |                      |                      |              |
| Program revenues                      |                         |                      |                          |                   |                      |                      |              |
| Charges for service                   | \$ 844,667              | \$ 944,692           | \$ 534,787               | \$ 526,947        | \$ 1,379,454         | \$ 1,471,639         | -6.26%       |
| Operating grants                      | 1,123,587               | 1,412,328            | 170,414                  | 158,671           | 1,294,001            | 1,570,999            | -17.63%      |
| General revenues                      |                         |                      |                          |                   |                      |                      |              |
| Property tax                          | 3,114,778               | 3,132,300            | -                        | -                 | 3,114,778            | 3,132,300            | -0.56%       |
| Statewide sales, services and use tax | 603,167                 | 536,760              | -                        | -                 | 603,167              | 536,760              | 12.37%       |
| Unrestricted state grants             | 3,428,698               | 3,274,385            | -                        | -                 | 3,428,698            | 3,274,385            | 4.71%        |
| Contributions and donations           | 23,376                  | 21,775               | -                        | -                 | 23,376               | 21,775               | 7.35%        |
| Unrestricted investment earnings      | 6,763                   | 26,833               | 344                      | 1,287             | 7,107                | 28,120               | -74.73%      |
| Other                                 | <u>22,942</u>           | <u>144,353</u>       | <u>-</u>                 | <u>-</u>          | <u>22,942</u>        | <u>144,353</u>       | -84.11%      |
| Total revenues                        | <u>9,167,978</u>        | <u>9,493,426</u>     | <u>705,545</u>           | <u>686,905</u>    | <u>9,873,523</u>     | <u>10,180,331</u>    | -3.01%       |
| Program expenses                      |                         |                      |                          |                   |                      |                      |              |
| Governmental activities               |                         |                      |                          |                   |                      |                      |              |
| Instruction                           | 5,762,093               | 5,640,143            | -                        | -                 | 5,762,093            | 5,640,143            | 2.16%        |
| Support services                      | 2,448,894               | 2,461,129            | -                        | -                 | 2,448,894            | 2,461,129            | -0.50%       |
| Non-instructional programs            | 13,593                  | 183,096              | 684,887                  | 635,041           | 698,480              | 818,137              | -14.63%      |
| Other expenses                        | <u>658,299</u>          | <u>708,116</u>       | <u>-</u>                 | <u>-</u>          | <u>658,299</u>       | <u>708,116</u>       | -7.04%       |
| Total expenses                        | <u>8,882,879</u>        | <u>8,992,484</u>     | <u>684,887</u>           | <u>635,041</u>    | <u>9,567,766</u>     | <u>9,627,525</u>     | -0.62%       |
| Change in net assets                  | 285,099                 | 500,942              | 20,658                   | 51,864            | 305,757              | 552,806              | -44.69%      |
| Net assets, beginning of year         | <u>11,009,488</u>       | <u>10,508,546</u>    | <u>193,264</u>           | <u>141,400</u>    | <u>11,202,752</u>    | <u>10,649,946</u>    | 5.19%        |
| Net assets, end of year               | <u>\$ 11,294,587</u>    | <u>\$ 11,009,488</u> | <u>\$ 213,922</u>        | <u>\$ 193,264</u> | <u>\$ 11,508,509</u> | <u>\$ 11,202,752</u> | 2.73%        |

In fiscal 2012, property tax and unrestricted state grants account for 71% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$9,873,523 of which \$9,167,978 was for governmental activities and \$705,545 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3% decrease in revenues and a 1% decrease in expenses. Governmental funds revenue decreased due to overall decrease in property taxes and state funding. Few reductions were made in expenditures, and the general fund unspent balance was decreased by \$139,878.

### Governmental Activities

Revenues for governmental activities were \$9,167,978 and expenses were \$8,882,879 for the year ended June 30, 2012.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5

|                            | Total and Net Cost of Governmental Activities |                     |                     |                      |                     |                     |
|----------------------------|-----------------------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
|                            | Total Cost of Services                        |                     |                     | Net Cost of Services |                     |                     |
|                            | 2012                                          | 2011                | Change<br>2011-2012 | 2012                 | 2011                | Change<br>2011-2012 |
| Instruction                | \$ 5,762,093                                  | \$ 5,640,143        | 2.2%                | \$ 4,107,481         | \$ 3,622,876        | 13.4%               |
| Support services           | 2,448,894                                     | 2,461,129           | -0.5%               | 2,433,500            | 2,452,664           | -0.8%               |
| Non-instructional programs | 13,593                                        | 183,096             | -92.6%              | 13,593               | 183,096             | -92.6%              |
| Other expenses             | 658,299                                       | 708,116             | -7.0%               | 360,051              | 376,828             | -4.5%               |
| Total expenses             | <u>\$ 8,882,879</u>                           | <u>\$ 8,992,484</u> | -1.2%               | <u>\$ 6,914,625</u>  | <u>\$ 6,635,464</u> | 4.2%                |

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$844,667.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,123,587.
- The net cost of governmental activities was financed with \$3,717,945 in property and other taxes and \$3,428,698 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities during the year ended June 30, 2012 were \$705,545 representing a 3% increase over the prior year and expenses were \$684,887, an 8% increase over the prior year. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Revenues of these activities were comprised of charges for service, federal and state

reimbursements and investment income. Revenue exceeded expenditures in both FY2011 and FY2012.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Wilton Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,454,147 significantly above last year's ending fund balances of \$2,217,972.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$1,696,580 to \$1,778,157 due to revenues exceeding expenditures, and levying cash reserve taxes totaling \$308,355.

### **Proprietary Fund Highlights**

Enterprise Fund net assets increased from \$193,264 at June 30, 2011 to \$213,922 at June 30, 2012, representing an increase of approximately 11%. The increase was due to being conservative during recession in proprietary funds; thus resulting in increased carryover balance in all Enterprise Funds.

## **BUDGETARY HIGHLIGHTS**

Wilton Community School District did not amend its annual budget during the year ended June 30, 2012.

The District's revenues were \$16,543 more than budgeted revenues, a variance of less than 1%. Total expenditures were \$1,083,399 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures close to the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result the District's certified budget should always exceed actual expenditures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2012, the District had invested \$8,215,744 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of less than 1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$458,418.

The original cost of the District's capital assets was \$17,975,711. Governmental funds account for \$17,787,408, with the remainder of \$188,303 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category, which increased from \$787,680 at June 30, 2011 to \$924,634 at June 30, 2012.

Figure A-6

Capital Assets, Net of Depreciation

|                                   | Governmental<br>Activities |                    | Business Type<br>Activities |                 | Total<br>District  |                    | Total<br>Change  |
|-----------------------------------|----------------------------|--------------------|-----------------------------|-----------------|--------------------|--------------------|------------------|
|                                   | <u>2012</u>                | <u>2011</u>        | <u>2012</u>                 | <u>2011</u>     | <u>2012</u>        | <u>2011</u>        | <u>2011-2012</u> |
| Land                              | \$ 125,211                 | \$ 125,211         | \$ -                        | \$ -            | \$ 125,211         | \$ 125,211         | 0.00%            |
| Buildings and improvements        | 6,564,104                  | 6,740,825          | -                           | -               | 6,564,104          | 6,740,825          | -2.62%           |
| Improvements other than buildings | 924,634                    | 787,680            | -                           | -               | 924,634            | 787,680            | 17.39%           |
| Furniture and equipment           | <u>569,212</u>             | <u>517,578</u>     | <u>32,583</u>               | <u>45,925</u>   | <u>601,795</u>     | <u>563,503</u>     | 6.80%            |
| Totals                            | <u>\$8,183,161</u>         | <u>\$8,171,294</u> | <u>\$ 32,583</u>            | <u>\$45,925</u> | <u>\$8,215,744</u> | <u>\$8,217,219</u> | -0.02%           |

### Long-Term Debt

At June 30, 2012, the District had \$236,904 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 38% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$10.4 million.

Figure A-7

Outstanding Long-term Obligations

|                         | Total<br>School District |                  | Total<br>Change  |
|-------------------------|--------------------------|------------------|------------------|
| Governmental Activities | <u>2012</u>              | <u>2011</u>      | <u>2011-2012</u> |
| Revenue bonds           | \$ -                     | \$175,000        | -100.00%         |
| Compensated absences    | 15,214                   | 16,811           | -9.50%           |
| Termination benefits    | 35,181                   | 73,832           | -52.35%          |
| Net OPEB liability      | <u>186,509</u>           | <u>114,529</u>   | 62.85%           |
| Total                   | <u>\$ 236,904</u>        | <u>\$380,172</u> | -37.69%          |

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced fluctuating enrollment for the past several years. The district expects declining enrollment in the future, making it difficult to balance future budgets without making cuts or spending into unspent balance in the General Fund.
- Fiscal 2012 was a one year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2012 for FY2013. Settlements in excess of "new money," or allowable growth in state funding, will have an adverse effect on the District's General Fund budget and related balances.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Staci Owens-Kirkman, District Treasurer/Business Manager, or Joe Burnett, Superintendent at the Wilton Community School District, 1002 Cypress Street, Wilton, Iowa 52778.



## Basic Financial Statements

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2012

Exhibit A

|                                                 | Governmental<br>Activities | Business Type<br>Activities | Total             |
|-------------------------------------------------|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>                                   |                            |                             |                   |
| Cash and cash equivalents                       | \$ 3,015,008               | \$ 185,102                  | \$ 3,200,110      |
| Receivables                                     |                            |                             |                   |
| Property tax                                    |                            |                             |                   |
| Delinquent                                      | 26,244                     | -                           | 26,244            |
| Succeeding year                                 | 2,640,345                  | -                           | 2,640,345         |
| Accounts receivable                             | 2,916                      | 4,347                       | 7,263             |
| Income surtax                                   | 330,373                    | -                           | 330,373           |
| Due from other governments                      | 292,609                    | 719                         | 293,328           |
| Due from other fund                             | -                          | 858                         | 858               |
| Inventories                                     | -                          | 6,850                       | 6,850             |
| Non-depreciable capital assets                  | 125,211                    | -                           | 125,211           |
| Capital assets, net of accumulated depreciation | 8,057,950                  | 32,583                      | 8,090,533         |
| Total assets                                    | <u>14,490,656</u>          | <u>230,459</u>              | <u>14,721,115</u> |
| <b>Liabilities</b>                              |                            |                             |                   |
| Accounts payable                                | 286,547                    | 2,896                       | 289,443           |
| Salaries and benefits payable                   | 31,415                     | 13,641                      | 45,056            |
| Due to other fund                               | 858                        | -                           | 858               |
| Deferred revenue                                |                            |                             |                   |
| Succeeding year property tax                    | 2,640,345                  | -                           | 2,640,345         |
| Long-term liabilities                           |                            |                             |                   |
| Portion due within one year                     |                            |                             |                   |
| Termination benefits payable                    | 35,181                     | -                           | 35,181            |
| Portion due after one year                      |                            |                             |                   |
| Compensated absences                            | 15,214                     | -                           | 15,214            |
| Net OPEB liability                              | 186,509                    | -                           | 186,509           |
| Total liabilities                               | <u>3,196,069</u>           | <u>16,537</u>               | <u>3,212,606</u>  |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2012

Exhibit A

|                                                 | <u>Governmental<br/>Activities</u> | <u>Business Type<br/>Activities</u> | <u>Total</u>        |
|-------------------------------------------------|------------------------------------|-------------------------------------|---------------------|
| <b>Net Assets</b>                               |                                    |                                     |                     |
| Invested in capital assets, net of related debt | \$ 8,183,161                       | \$ 32,583                           | \$ 8,215,744        |
| Restricted for                                  |                                    |                                     |                     |
| Categorical funding                             | 69,762                             | -                                   | 69,762              |
| Management levy purposes                        | 212,555                            | -                                   | 212,555             |
| Physical plant and equipment                    | 81,458                             | -                                   | 81,458              |
| Debt service                                    | 1,289                              | -                                   | 1,289               |
| Student activities                              | 87,265                             | -                                   | 87,265              |
| School infrastructure                           | 258,242                            | -                                   | 258,242             |
| Unrestricted                                    | 2,400,855                          | 181,339                             | 2,582,194           |
| Total net assets                                | <u>\$ 11,294,587</u>               | <u>\$ 213,922</u>                   | <u>\$11,508,509</u> |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2012

Exhibit B

| Functions/Programs                 | Program Revenues                               |                      |            |                                                       | Net (Expense) Revenue and Changes in Net Assets |            |                |
|------------------------------------|------------------------------------------------|----------------------|------------|-------------------------------------------------------|-------------------------------------------------|------------|----------------|
|                                    | Operating Grants, Contributions and Restricted |                      |            |                                                       | Governmental Business Type                      |            |                |
|                                    | Expenses                                       | Charges for Services | Interest   | Capital Grants, Contributions and Restricted Interest | Activities                                      | Activities | Total          |
| Governmental activities            |                                                |                      |            |                                                       |                                                 |            |                |
| Instruction                        |                                                |                      |            |                                                       |                                                 |            |                |
| Regular instruction                | \$ 3,312,962                                   | \$ 359,929           | \$ 768,616 | \$ -                                                  | \$ (2,184,417)                                  | \$ -       | \$ (2,184,417) |
| Special instruction                | 1,190,018                                      | 157,097              | 49,111     | -                                                     | (983,810)                                       | -          | (983,810)      |
| Other instruction                  | 1,259,113                                      | 312,247              | 7,612      | -                                                     | (939,254)                                       | -          | (939,254)      |
|                                    | 5,762,093                                      | 829,273              | 825,339    | -                                                     | (4,107,481)                                     | -          | (4,107,481)    |
| Support services                   |                                                |                      |            |                                                       |                                                 |            |                |
| Student                            | 336,139                                        | -                    | -          | -                                                     | (336,139)                                       | -          | (336,139)      |
| Instructional staff                | 182,255                                        | -                    | -          | -                                                     | (182,255)                                       | -          | (182,255)      |
| Administration                     | 968,933                                        | -                    | -          | -                                                     | (968,933)                                       | -          | (968,933)      |
| Operation and maintenance of plant | 648,647                                        | -                    | -          | -                                                     | (648,647)                                       | -          | (648,647)      |
| Transportation                     | 312,920                                        | 15,394               | -          | -                                                     | (297,526)                                       | -          | (297,526)      |
|                                    | 2,448,894                                      | 15,394               | -          | -                                                     | (2,433,500)                                     | -          | (2,433,500)    |
|                                    | 13,593                                         | -                    | -          | -                                                     | (13,593)                                        | -          | (13,593)       |
| Non-instructional programs         |                                                |                      |            |                                                       |                                                 |            |                |
| Other expenses                     |                                                |                      |            |                                                       |                                                 |            |                |
| Facilities acquisition             | 26,604                                         | -                    | -          | -                                                     | (26,604)                                        | -          | (26,604)       |
| Long-term debt interest            | 250                                            | -                    | -          | -                                                     | (250)                                           | -          | (250)          |
| AEA flowthrough                    | 298,248                                        | -                    | 298,248    | -                                                     | -                                               | -          | -              |
| Loss on disposal of capital assets | 12,880                                         | -                    | -          | -                                                     | (12,880)                                        | -          | (12,880)       |
| Depreciation (unallocated) *       | 320,317                                        | -                    | -          | -                                                     | (320,317)                                       | -          | (320,317)      |
|                                    | 658,299                                        | -                    | 298,248    | -                                                     | (360,051)                                       | -          | (360,051)      |
|                                    | 8,882,879                                      | 844,667              | 1,123,587  | -                                                     | (6,914,625)                                     | -          | (6,914,625)    |
| Total governmental activities      |                                                |                      |            |                                                       |                                                 |            |                |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2012

Exhibit B

|                                              | Program Revenues                                                  |              |                              |          | Net (Expense) Revenue<br>and Changes in Net Assets |                             |               |
|----------------------------------------------|-------------------------------------------------------------------|--------------|------------------------------|----------|----------------------------------------------------|-----------------------------|---------------|
|                                              | Operating Grants, Capital Grants,<br>Contributions and Restricted |              | Contributions and Restricted |          | Governmental<br>Activities                         | Business Type<br>Activities | Total         |
|                                              | Charges<br>for Services                                           | Interest     | Charges<br>for Services      | Interest |                                                    |                             |               |
| <b><u>Functions/Programs (continued)</u></b> |                                                                   |              |                              |          |                                                    |                             |               |
| Business type activities                     |                                                                   |              |                              |          |                                                    |                             |               |
| Non-instructional programs                   |                                                                   |              |                              |          |                                                    |                             |               |
| Food service operations                      | \$ 382,833                                                        | \$ 222,814   | \$ 170,414                   | \$ -     | \$ -                                               | \$ 10,395                   | \$ 10,395     |
| Latchkey program                             | 102,311                                                           | 105,814      | -                            | -        | -                                                  | 3,503                       | 3,503         |
| Swimming pool                                | 164,781                                                           | 160,391      | -                            | -        | -                                                  | (4,390)                     | (4,390)       |
| FFA farm program                             | 34,962                                                            | 45,768       | -                            | -        | -                                                  | 10,806                      | 10,806        |
| Total business type activities               | 684,887                                                           | 534,787      | 170,414                      | -        | -                                                  | 20,314                      | 20,314        |
| Total                                        | \$ 9,567,766                                                      | \$ 1,379,454 | \$ 1,294,001                 | \$ -     | (6,914,625)                                        | 20,314                      | (6,894,311)   |
| <b><u>General Revenues</u></b>               |                                                                   |              |                              |          |                                                    |                             |               |
| Property tax levied for                      |                                                                   |              |                              |          |                                                    |                             |               |
| General purposes                             |                                                                   |              |                              |          | 3,046,085                                          | -                           | 3,046,085     |
| Capital outlay                               |                                                                   |              |                              |          | 68,693                                             | -                           | 68,693        |
| Statewide sales, services and use tax        |                                                                   |              |                              |          | 603,167                                            | -                           | 603,167       |
| Unrestricted state grants                    |                                                                   |              |                              |          | 3,428,698                                          | -                           | 3,428,698     |
| Contributions and donations                  |                                                                   |              |                              |          | 23,376                                             | -                           | 23,376        |
| Unrestricted investment earnings             |                                                                   |              |                              |          | 6,763                                              | 344                         | 7,107         |
| Other                                        |                                                                   |              |                              |          | 22,942                                             | -                           | 22,942        |
| Total general revenues                       |                                                                   |              |                              |          | 7,199,724                                          | 344                         | 7,200,068     |
| Change in net assets                         |                                                                   |              |                              |          | 285,099                                            | 20,658                      | 305,757       |
| Net assets, beginning of year                |                                                                   |              |                              |          | 11,009,488                                         | 193,264                     | 11,202,752    |
| Net assets, end of year                      |                                                                   |              |                              |          | \$ 11,294,587                                      | \$ 213,922                  | \$ 11,508,509 |

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

## WILTON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet  
Governmental Funds  
June 30, 2012

|                                      | <u>General</u>     | Nonmajor<br>Governmental<br><u>Funds</u> | <u>Total</u>       |
|--------------------------------------|--------------------|------------------------------------------|--------------------|
| <b>Assets</b>                        |                    |                                          |                    |
| Cash and pooled investments          | \$1,862,951        | \$ 581,301                               | \$2,444,252        |
| Receivables                          |                    |                                          |                    |
| Property tax                         |                    |                                          |                    |
| Delinquent                           | 23,962             | 2,282                                    | 26,244             |
| Succeeding year                      | 2,308,756          | 331,589                                  | 2,640,345          |
| Accounts receivable                  | 2,906              | 10                                       | 2,916              |
| Income surtax                        | 330,373            | -                                        | 330,373            |
| Due from other governments           | 191,466            | 101,143                                  | 292,609            |
| Due from other fund                  | 2,017              | -                                        | 2,017              |
| Total assets                         | <u>\$4,722,431</u> | <u>\$ 1,016,325</u>                      | <u>\$5,738,756</u> |
| <b>Liabilities and Fund Balances</b> |                    |                                          |                    |
| <b>Liabilities</b>                   |                    |                                          |                    |
| Accounts payable                     | \$ 280,633         | \$ 5,914                                 | \$ 286,547         |
| Salaries and benefits payable        | 22,486             | -                                        | 22,486             |
| Due to other fund                    | -                  | 2,832                                    | 2,832              |
| Deferred revenue                     |                    |                                          |                    |
| Succeeding year property tax         | 2,308,756          | 331,589                                  | 2,640,345          |
| Income surtax                        | 330,373            | -                                        | 330,373            |
| Other                                | 2,026              | -                                        | 2,026              |
| Total liabilities                    | <u>2,944,274</u>   | <u>340,335</u>                           | <u>3,284,609</u>   |
| <b>Fund balances</b>                 |                    |                                          |                    |
| Restricted for                       |                    |                                          |                    |
| Categorical funding                  | 69,762             | -                                        | 69,762             |
| Student activities                   | -                  | 87,265                                   | 87,265             |
| Management levy purposes             | -                  | 247,736                                  | 247,736            |
| School infrastructure                | -                  | 258,242                                  | 258,242            |
| Physical plant and equipment         | -                  | 81,458                                   | 81,458             |
| Debt service                         | -                  | 1,289                                    | 1,289              |
| Unassigned                           | 1,708,395          | -                                        | 1,708,395          |
| Total fund balances                  | <u>1,778,157</u>   | <u>675,990</u>                           | <u>2,454,147</u>   |
| Total liabilities and fund balances  | <u>\$4,722,431</u> | <u>\$ 1,016,325</u>                      | <u>\$5,738,756</u> |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
June 30, 2012

Exhibit D

|                                                                                                                                                                                                                                                                 |                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>Total fund balances of governmental funds</b>                                                                                                                                                                                                                | <b>\$ 2,454,147</b>        |
| <b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>                                                                                                                                                       |                            |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.                                                                                                                | 8,183,161                  |
| Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.                                                                                                                             | 332,399                    |
| The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.         | 561,784                    |
| Long-term liabilities, including bonds and notes payable, compensated absences, other postemployment benefits and termination benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(236,904)</u>           |
| <b>Net assets of governmental activities</b>                                                                                                                                                                                                                    | <b><u>\$11,294,587</u></b> |

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

Exhibit E

|                                       |                  | Nonmajor<br>Governmental |                  |
|---------------------------------------|------------------|--------------------------|------------------|
| Revenues                              | <u>General</u>   | <u>Funds</u>             | <u>Total</u>     |
| Local sources                         |                  |                          |                  |
| Local tax                             | \$2,878,847      | \$ 847,256               | \$3,726,103      |
| Tuition                               | 449,084          | -                        | 449,084          |
| Other                                 | 124,735          | 323,892                  | 448,627          |
| State sources                         | 4,304,908        | 133                      | 4,305,041        |
| Federal sources                       | 352,506          | -                        | 352,506          |
| Total revenues                        | <u>8,110,080</u> | <u>1,171,281</u>         | <u>9,281,361</u> |
| Expenditures                          |                  |                          |                  |
| Current                               |                  |                          |                  |
| Instruction                           |                  |                          |                  |
| Regular                               | 3,285,304        | 46,975                   | 3,332,279        |
| Special                               | 1,179,236        | -                        | 1,179,236        |
| Other                                 | 968,671          | 262,064                  | 1,230,735        |
|                                       | <u>5,433,211</u> | <u>309,039</u>           | <u>5,742,250</u> |
| Support services                      |                  |                          |                  |
| Student                               | 332,524          | -                        | 332,524          |
| Instructional staff                   | 180,041          | 3,688                    | 183,729          |
| Administration                        | 942,871          | 9,670                    | 952,541          |
| Operation and maintenance<br>of plant | 603,406          | 216,619                  | 820,025          |
| Transportation                        | 239,302          | 25,604                   | 264,906          |
|                                       | <u>2,298,144</u> | <u>255,581</u>           | <u>2,553,725</u> |
| Non-instructional programs            | <u>-</u>         | <u>15,879</u>            | <u>15,879</u>    |
| Other expenditures                    |                  |                          |                  |
| Facilities acquisition                | -                | 260,059                  | 260,059          |
| Long-term debt                        |                  |                          |                  |
| Principal                             | -                | 175,000                  | 175,000          |
| Interest and fiscal charges           | -                | 1,125                    | 1,125            |
| AEA flowthrough                       | 298,248          | -                        | 298,248          |
|                                       | <u>298,248</u>   | <u>436,184</u>           | <u>734,432</u>   |
| Total expenditures                    | <u>8,029,603</u> | <u>1,016,683</u>         | <u>9,046,286</u> |

See notes to financial statements.



WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2012

Exhibit E

|                                      | <u>General</u>     | Nonmajor<br>Governmental<br><u>Funds</u> | <u>Total</u>       |
|--------------------------------------|--------------------|------------------------------------------|--------------------|
| Excess of revenues over expenditures | \$ 80,477          | \$ 154,598                               | \$ 235,075         |
| Other financing sources (uses)       |                    |                                          |                    |
| Sale of equipment and materials      | 1,100              | -                                        | 1,100              |
| Interfund operating transfers in     | -                  | 176,125                                  | 176,125            |
| Interfund operating transfers (out)  | -                  | (176,125)                                | (176,125)          |
| Total other financing sources        | <u>1,100</u>       | <u>-</u>                                 | <u>1,100</u>       |
| Net change in fund balances          | 81,577             | 154,598                                  | 236,175            |
| Fund balance, beginning of year      | <u>1,696,580</u>   | <u>521,392</u>                           | <u>2,217,972</u>   |
| Fund balance, end of year            | <u>\$1,778,157</u> | <u>\$ 675,990</u>                        | <u>\$2,454,147</u> |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012

Exhibit F

**Net change in fund balances - total governmental funds** **\$236,175**

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

|                                    |                  |        |
|------------------------------------|------------------|--------|
| Expenditures for capital assets    | \$478,855        |        |
| Loss on disposal of capital assets | (13,980)         |        |
| Depreciation expense               | <u>(453,008)</u> | 11,867 |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (113,414)

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 6,329

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 175,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

|                               |                 |          |
|-------------------------------|-----------------|----------|
| Termination benefits          | \$ 38,651       |          |
| Compensated absences          | 1,596           |          |
| Other postemployment benefits | <u>(71,980)</u> | (31,733) |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 875

**Change in net assets of governmental activities** **\$285,099**

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

Exhibit G

|                                                 | Business Type<br><u>Activities</u><br>Nonmajor<br><u>Enterprise</u> | Governmental<br><u>Activities</u><br>Internal<br><u>Service</u> |
|-------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Assets</b>                                   |                                                                     |                                                                 |
| Cash and cash equivalents                       | \$185,102                                                           | \$570,756                                                       |
| Accounts receivable                             | 4,347                                                               | -                                                               |
| Due from other governments                      | 719                                                                 | -                                                               |
| Due from other fund                             | 858                                                                 | -                                                               |
| Inventories                                     | 6,850                                                               | -                                                               |
| Capital assets, net of accumulated depreciation | 32,583                                                              | -                                                               |
| Total assets                                    | <u>230,459</u>                                                      | <u>570,756</u>                                                  |
| <b>Liabilities</b>                              |                                                                     |                                                                 |
| Accounts payable                                | 2,896                                                               | -                                                               |
| Salaries and benefits payable                   | 13,641                                                              | 8,929                                                           |
| Due to other funds                              | -                                                                   | 43                                                              |
| Total liabilities                               | <u>16,537</u>                                                       | <u>8,972</u>                                                    |
| <b>Net Assets</b>                               |                                                                     |                                                                 |
| Invested in capital assets                      | 32,583                                                              | -                                                               |
| Unrestricted                                    | 181,339                                                             | 561,784                                                         |
| Total net assets                                | <u>\$213,922</u>                                                    | <u>\$561,784</u>                                                |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

Exhibit H

|                                    | Business Type<br><u>Activities</u><br>Nonmajor<br><u>Enterprise</u> | Governmental<br><u>Activities</u><br>Internal<br><u>Service</u> |
|------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|
| Operating revenue                  |                                                                     |                                                                 |
| Local sources                      |                                                                     |                                                                 |
| Charges for service                | \$489,019                                                           | \$ 172,865                                                      |
| Sale of product                    | 45,768                                                              | -                                                               |
| Total operating revenue            | <u>534,787</u>                                                      | <u>172,865</u>                                                  |
| Operating expenses                 |                                                                     |                                                                 |
| Support services                   |                                                                     |                                                                 |
| Administration                     | 5,489                                                               | -                                                               |
| Operation and maintenance of plant | 86,041                                                              | -                                                               |
| Non-instructional programs         | <u>593,357</u>                                                      | <u>166,568</u>                                                  |
| Total operating expenses           | <u>684,887</u>                                                      | <u>166,568</u>                                                  |
| Operating income (loss)            | <u>(150,100)</u>                                                    | <u>6,297</u>                                                    |
| Non-operating revenues             |                                                                     |                                                                 |
| Interest income                    | 344                                                                 | 32                                                              |
| State sources                      | 3,467                                                               | -                                                               |
| Federal sources                    | <u>166,947</u>                                                      | <u>-</u>                                                        |
| Total non-operating revenues       | <u>170,758</u>                                                      | <u>32</u>                                                       |
| Net income                         | 20,658                                                              | 6,329                                                           |
| Net assets, beginning of year      | <u>193,264</u>                                                      | <u>555,455</u>                                                  |
| Net assets, end of year            | <u>\$213,922</u>                                                    | <u>\$ 561,784</u>                                               |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012

Exhibit I

|                                                          | Business Type<br>Activities | Governmental<br>Activities |
|----------------------------------------------------------|-----------------------------|----------------------------|
|                                                          | Nonmajor<br>Enterprise      | Internal<br>Service        |
| Cash flows from operating activities                     |                             |                            |
| Cash received from sale of services                      | \$ 505,848                  | \$ 172,865                 |
| Cash received from other operations                      | 46,286                      | -                          |
| Cash payments to employees for services                  | (369,451)                   | (163,071)                  |
| Cash payments to suppliers for goods and services        | (291,836)                   | -                          |
| Net cash provided by (used in) operating activities      | <u>(109,153)</u>            | <u>9,794</u>               |
| Cash flows from non-capital financing activities         |                             |                            |
| State grants received                                    | 3,467                       | -                          |
| Federal grants received                                  | 143,698                     | -                          |
| Net cash provided by non-capital financing activities    | <u>147,165</u>              | <u>-</u>                   |
| Cash flows from capital and related financing activities |                             |                            |
| Acquisition of capital assets                            | <u>(6,330)</u>              | <u>-</u>                   |
| Cash flows from investing activities                     |                             |                            |
| Interest on investments                                  | <u>344</u>                  | <u>32</u>                  |
| Net increase in cash and cash equivalents                | 32,026                      | 9,826                      |
| Cash and cash equivalents, beginning of year             | 153,076                     | 560,930                    |
| Cash and cash equivalents, end of year                   | <u>\$ 185,102</u>           | <u>\$ 570,756</u>          |

**Reconciliation of operating income (loss) to net cash  
provided by (used in) operating activities**

|                                                                                                            |                     |                 |
|------------------------------------------------------------------------------------------------------------|---------------------|-----------------|
| Operating income (loss)                                                                                    | \$ (150,100)        | \$ 6,297        |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used in) operating activities |                     |                 |
| Depreciation                                                                                               | 5,410               | -               |
| Loss on sale of equipment                                                                                  | 14,262              | -               |
| Commodities used                                                                                           | 23,249              | -               |
| Decrease in accounts receivable                                                                            | 3,590               | -               |
| (Increase) in due from other governments                                                                   | (19)                | -               |
| Decrease in inventory                                                                                      | 618                 | -               |
| (Increase) in due from other fund                                                                          | (858)               | -               |
| (Decrease) in accounts payable                                                                             | (8,511)             | -               |
| (Decrease) in due to other funds                                                                           | -                   | (273)           |
| Increase in accrued salaries and benefits                                                                  | 3,206               | 3,770           |
| Net cash provided by (used in) operating activities                                                        | <u>\$ (109,153)</u> | <u>\$ 9,794</u> |

**Non-cash investing, capital and financing activities**

During the year ended June 30, 2012 the District received \$23,249 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
June 30, 2012

Exhibit J

|                             |                    |
|-----------------------------|--------------------|
|                             | <u>Agency</u>      |
| <b>Assets</b>               |                    |
| Cash and pooled investments | \$43,546           |
| <b>Liabilities</b>          |                    |
| Due to others               | <u>43,546</u>      |
| <b>Net assets</b>           | <u><u>\$ -</u></u> |

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies**

The Wilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Wilton, Iowa, and the agricultural territory in Cedar and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Wilton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Wilton Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports no major proprietary funds. However, the District reports four nonmajor enterprise funds, School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund and two internal service funds, which are utilized for partially self-funded employee health insurance benefits and the District's flex-benefit program.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund consists of the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement or results of operations.



### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services and sales of crop. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u>                | <u>Amount</u> |
|-----------------------------------|---------------|
| Land                              | \$ 2,500      |
| Buildings                         | \$ 2,500      |
| Improvements other than buildings | \$ 2,500      |
| Intangibles                       | \$25,000      |
| Furniture and equipment:          |               |
| School Nutrition Fund equipment   | \$ 500        |
| Other furniture and equipment     | \$ 2,500      |

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

| <u>Asset Class</u>                | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Buildings & Improvements          | 50 years           |
| Improvements other than buildings | 20-50 years        |
| Intangibles                       | 5-10 years         |
| Furniture and equipment           | 5-15 years         |

Salaries and Benefits Payable - Payroll and related expenditures associated with hourly employees for work performed in June but not paid until July, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2012. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for

these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent federal grant proceeds, property tax and income surtax receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first applies restricted resources.

Net assets restricted through enabling legislation include \$212,555 for management levy purposes, \$81,458 for physical plant and equipment, \$1,289 for debt service, \$87,265 for student activities and \$258,242 for school infrastructure.

#### E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

## F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **Note 2. Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$262,241 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

### **Note 3. Due From and Due To Other Funds**

The details of interfund receivables and payables at June 30, 2012 are as follows:

| <u>Receivable Fund</u>    | <u>Payable Fund</u>            | <u>Amount</u>   |
|---------------------------|--------------------------------|-----------------|
|                           | Non-major special revenue fund |                 |
| General                   | Student activity fund          | \$ 1,974        |
| Non-major enterprise fund | Non-major special revenue fund |                 |
| School nutrition fund     | Student activity fund          | 858             |
|                           | Non-major proprietary fund     |                 |
| General                   | Internal service fund          | <u>43</u>       |
|                           |                                | <u>\$ 2,875</u> |

This interfund payables from the Student Activity to the General Fund and School Nutrition Fund are for bus usage and food during fiscal 2012 that were unpaid at June 30, 2012 and the payable from the Internal Service Fund to the General Fund is for reimbursement of expenses. The balances will be repaid during the year ending June 30, 2013.

#### Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

| <u>Transfer to</u>    | <u>Transfer from</u>                  | <u>Amount</u> |
|-----------------------|---------------------------------------|---------------|
| Nonmajor governmental | Nonmajor capital projects             |               |
| Debt Service          | Statewide Sales, Services and Use Tax | \$ 176,125    |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was to make principal and interest payments on debt.

#### Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

| <u>Governmental activities</u>              | <u>Balance,<br/>Beginning<br/>of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance,<br/>End of<br/>Year</u> |
|---------------------------------------------|-------------------------------------------|------------------|------------------|-------------------------------------|
| Capital assets not being depreciated:       |                                           |                  |                  |                                     |
| Land                                        | \$ 125,211                                | \$ -             | \$ -             | \$ 125,211                          |
| Capital assets being depreciated:           |                                           |                  |                  |                                     |
| Buildings and improvements                  | 14,087,356                                | 73,903           | -                | 14,161,259                          |
| Improvements other than buildings           | 1,592,243                                 | 201,000          | -                | 1,793,243                           |
| Furniture and equipment                     | 1,593,508                                 | 203,952          | (89,765)         | 1,707,695                           |
| Total capital assets being depreciated      | 17,273,107                                | 478,855          | (89,765)         | 17,662,197                          |
| Less accumulated depreciation for:          |                                           |                  |                  |                                     |
| Buildings and improvements                  | 7,346,531                                 | 250,624          | -                | 7,597,155                           |
| Improvements other than buildings           | 804,563                                   | 64,046           | -                | 868,609                             |
| Furniture and equipment                     | 1,075,930                                 | 138,338          | (75,785)         | 1,138,483                           |
| Total accumulated depreciation              | 9,227,024                                 | 453,008          | (75,785)         | 9,604,247                           |
| Total capital assets being depreciated, net | 8,046,083                                 | 25,847           | (13,980)         | 8,057,950                           |
| Governmental activities capital assets, net | \$ 8,171,294                              | \$ 25,847        | \$ (13,980)      | \$ 8,183,161                        |

**Business type activities**

|                                              |                  |               |                    |                  |
|----------------------------------------------|------------------|---------------|--------------------|------------------|
| Furniture and equipment                      | \$ 217,008       | \$ 6,330      | \$ (35,035)        | \$ 188,303       |
| Less accumulated depreciation                | <u>171,083</u>   | <u>5,410</u>  | <u>(20,773)</u>    | <u>155,720</u>   |
| Business type activities capital assets, net | <u>\$ 45,925</u> | <u>\$ 920</u> | <u>\$ (14,262)</u> | <u>\$ 32,583</u> |

Depreciation expense was charged to the following functions:

**Governmental activities**

|                                                    |                   |
|----------------------------------------------------|-------------------|
| Instruction                                        |                   |
| Regular                                            | \$ 26,349         |
| Other                                              | 17,125            |
| Support services                                   |                   |
| Administration                                     | 9,339             |
| Operation and maintenance of plant                 | 6,695             |
| Transportation                                     | <u>73,183</u>     |
|                                                    | 132,691           |
| Unallocated depreciation                           | <u>320,317</u>    |
| Total governmental activities depreciation expense | <u>\$ 453,008</u> |

**Business type activities**

|                                                     |                 |
|-----------------------------------------------------|-----------------|
| Food services                                       | \$ 2,691        |
| Latchkey program                                    | 248             |
| Swimming pool                                       | 1,186           |
| FFA farm                                            | <u>1,285</u>    |
| Total business type activities depreciation expense | <u>\$ 5,410</u> |

**Note 6. Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

|                      | Balance,<br>Beginning<br>of Year | Additions        | Reductions          | Balance,<br>End<br>of Year | Due<br>Within<br>One Year |
|----------------------|----------------------------------|------------------|---------------------|----------------------------|---------------------------|
| Revenue bonds        | \$ 175,000                       | \$ -             | \$ (175,000)        | \$ -                       | \$ -                      |
| Compensated absences | 16,811                           | 15,214           | (16,811)            | 15,214                     | -                         |
| Termination benefits | 73,832                           | -                | (38,651)            | 35,181                     | 35,181                    |
| Net OPEB liability   | <u>114,529</u>                   | <u>71,980</u>    | <u>-</u>            | <u>186,509</u>             | <u>-</u>                  |
| Totals               | <u>\$ 380,172</u>                | <u>\$ 87,194</u> | <u>\$ (230,462)</u> | <u>\$ 236,904</u>          | <u>\$ 35,181</u>          |

Interest costs incurred and charged to expense on all long-term debt was \$250 for the year ended June 30, 2012. During the year ended June 30, 2012, the District made principal payments on total long-term debt of \$175,000.

### Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the last three years base salary plus \$50 per day for unused sick leave days. The benefit is paid over a three year period beginning in January of the year following early retirement.

At June 30, 2012, the District had obligations to eight participants with a total liability of \$35,181. Actual early retirement expenditures for the year ended June 30, 2012 totaled \$38,651.

### **Note 7. Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 5.38%, 4.5% and 4.30% of their annual covered salary and the District was required to contribute 8.07%, 6.95% and 6.65% of annual covered payroll for the years ended June 30, 2012, 2011 and 2010 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$393,071, \$334,834 and \$329,989, respectively, equal to the required contributions for each year.

### **Note 8. Other Postemployment Benefits (OPEB)**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active, of which 2 were excluded from the valuation because they were over the age of 65, and one retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.



Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

|                                            |                   |
|--------------------------------------------|-------------------|
| Annual required contribution               | \$ 73,617         |
| Interest on net OPEB obligation            | 2,863             |
| Adjustment to annual required contribution | <u>(4,500)</u>    |
| Annual OPEB cost                           | 71,980            |
| Contributions made                         | <u>-</u>          |
| Increase in net OPEB obligation            | 71,980            |
| Net OPEB obligation beginning of year      | <u>114,529</u>    |
| Net OPEB obligation end of year            | <u>\$ 186,509</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District made no contributions to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

| Year<br>Ended<br><u>June 30,</u> | Annual<br><u>OPEB Cost</u> | Percentage of<br>Annual OPEB<br><u>Cost Contributed</u> | Net<br>OPEB<br><u>Obligation</u> |
|----------------------------------|----------------------------|---------------------------------------------------------|----------------------------------|
| 2010                             | \$ 57,205                  | 3.0%                                                    | \$ 55,512                        |
| 2011                             | \$ 59,017                  | 0.0%                                                    | \$ 114,529                       |
| 2012                             | \$ 71,980                  | 0.0%                                                    | \$ 186,509                       |

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$522,974, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$522,974. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4.7 million and the ratio of UAAL to covered payroll was 11%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **Note 9. Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Note 10. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$298,248 adjusting entry to the cash basis financial statements.

## Note 11. Self-funded Health Insurance

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully loaded through a BC/BS of Iowa plan. The district buys down the deductible to \$2,000 with an out-of-pocket maximum of \$4,000. The funding for this portion of Self-Insurance Fund comes from the difference in premiums. The district expenses out the \$2,000 deductible plans, but only pays BC/BS for the \$4,000 deductible plan. For the dental insurance the district hires Employee Benefit Systems out of Burlington, Iowa as a third party administrator for all dental claims. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. For the vision insurance the district processes all claims in the Central Office as we have fixed amounts for each area of coverage which makes claims processing simple and straightforward. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. Funds for all three self-insured plans are kept locally in one account separate from all others.

The Flexible Spending Fund is used for the section 125 plan for medical expenses and dependent care expenses. The funds are kept locally in a separate account, but all claims are processed through Employee Benefit Systems in Burlington, Iowa.

At June 30, 2012, the District had accumulated an excess of \$561,784 in its Internal Service Funds to cover employee health care and section 125 claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2012, 2011, 2010, 2009, 2008 and 2007. All submitted claims had been paid or accrued at June 30, 2012. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2012. The District is contingently liable for any claims in excess of funds available at June 30, 2012.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

|                                              | Year Ended June 30, |                  |
|----------------------------------------------|---------------------|------------------|
|                                              | 2012                | 2011             |
| Unpaid claims, beginning of year             | \$ 5,475            | \$ 5,832         |
| Current year claims and changes in estimates | 170,065             | 166,804          |
| Claim payments                               | <u>(166,568)</u>    | <u>(167,161)</u> |
| Unpaid claims, end of year                   | <u>\$ 8,972</u>     | <u>\$ 5,475</u>  |

## **Note 12. Contingencies**

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

## **Note 13. Related Party Transactions**

During the year ended June 30, 2012, the District had business transactions between the District and District officials totaling \$5,697.

## **Note 14. Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

| <u>Program</u>                                                       |                  |
|----------------------------------------------------------------------|------------------|
| Gifted and Talented                                                  | \$ 5,925         |
| Returning dropout and dropout prevention program                     | 23,497           |
| Beginning teacher mentoring and induction program                    | 232              |
| Textbook aid for nonpublic students                                  | 745              |
| Iowa conservation education grant                                    | 298              |
| School ready children grant                                          | 553              |
| Educator quality, professional development for model core curriculum | 23,944           |
| Educator quality, professional development                           | 12,584           |
| Educator quality, market factor incentives                           | <u>1,984</u>     |
|                                                                      | <u>\$ 69,762</u> |

## **Note 15. New Governmental Accounting Standards Board (GASB) Statements**

As of June 30, 2012, the GASB had issued several statements not yet required to be implemented by the District. The Statements which might impact the District are as follows:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the District with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnerships. Specifically, this Statement improves financial reporting by establishing recognition, measurement and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for governmental financial reporting entities by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for

the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON4. Based on those definitions, this Statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, the Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement No. 66, *Technical Corrections – 2012*, issued April 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased

loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases* and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2014. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This Statement enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. This Statements also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the District beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

## Required Supplementary Information



WILTON COMMUNITY SCHOOL DISTRICT  
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual  
 All Governmental Funds and Proprietary Funds  
 Required Supplementary Information  
 For the Year Ended June 30, 2012

|                                                              | Governmental<br>Funds<br>Actual | Proprietary<br>Funds<br>Actual | Total<br>Actual    | Budgeted Amounts<br>Original | Final              | Final to<br>Actual<br>Variance |
|--------------------------------------------------------------|---------------------------------|--------------------------------|--------------------|------------------------------|--------------------|--------------------------------|
| <b>Revenues</b>                                              |                                 |                                |                    |                              |                    |                                |
| Local sources                                                | \$4,623,814                     | \$535,131                      | \$5,158,945        | \$5,188,921                  | \$5,188,921        | \$ (29,976)                    |
| State sources                                                | 4,305,041                       | 3,467                          | 4,308,508          | 4,457,742                    | 4,457,742          | (149,234)                      |
| Federal sources                                              | 352,506                         | 166,947                        | 519,453            | 323,700                      | 323,700            | 195,753                        |
| Total revenues                                               | <u>9,281,361</u>                | <u>705,545</u>                 | <u>9,986,906</u>   | <u>9,970,363</u>             | <u>9,970,363</u>   | <u>16,543</u>                  |
| <b>Expenditures/Expenses</b>                                 |                                 |                                |                    |                              |                    |                                |
| Instruction                                                  | 5,742,250                       | -                              | 5,742,250          | 6,050,000                    | 6,050,000          | 307,750                        |
| Support services                                             | 2,553,725                       | 91,530                         | 2,645,255          | 3,143,755                    | 3,143,755          | 498,500                        |
| Non-instructional programs                                   | 15,879                          | 593,357                        | 609,236            | 710,000                      | 710,000            | 100,764                        |
| Other expenditures                                           | 734,432                         | -                              | 734,432            | 910,817                      | 910,817            | 176,385                        |
| Total expenditures/expenses                                  | <u>9,046,286</u>                | <u>684,887</u>                 | <u>9,731,173</u>   | <u>10,814,572</u>            | <u>10,814,572</u>  | <u>1,083,399</u>               |
| Excess (deficiency) of revenues over<br>(under) expenditures | 235,075                         | 20,658                         | 255,733            | (844,209)                    | (844,209)          | 1,099,942                      |
| Net other financing sources                                  | <u>1,100</u>                    | <u>-</u>                       | <u>1,100</u>       | <u>-</u>                     | <u>-</u>           | <u>1,100</u>                   |
| Net change in fund balance                                   | 236,175                         | 20,658                         | 256,833            | (844,209)                    | (844,209)          | 1,101,042                      |
| Balance, beginning of year                                   | <u>2,217,972</u>                | <u>193,264</u>                 | <u>2,411,236</u>   | <u>2,328,129</u>             | <u>2,328,129</u>   | <u>83,107</u>                  |
| Balance, end of year                                         | <u>\$2,454,147</u>              | <u>\$213,922</u>               | <u>\$2,668,069</u> | <u>\$1,483,920</u>           | <u>\$1,483,920</u> | <u>\$1,184,149</u>             |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend its certified budget.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Funding Progress for the  
Retiree Health Plan  
Required Supplementary Information

| Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|---------------------------|--------------------------------|----------------------------------------|---------------------------------------------------|------------------------------------|--------------------------|---------------------------|---------------------------------------------------------------|
| 2010                      | July 1, 2009                   | \$ -                                   | \$522,974                                         | \$522,974                          | \$ -                     | \$5,108,427               | 10.2%                                                         |
| 2011                      | July 1, 2009                   | \$ -                                   | \$522,974                                         | \$522,974                          | \$ -                     | \$4,676,334               | 11.2%                                                         |
| 2012                      | July 1, 2009                   | \$ -                                   | \$522,974                                         | \$522,974                          | \$ -                     | \$4,737,479               | 11.0%                                                         |

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

Schedule 1

|                                      | <u>Special Revenue</u> |                  | <u>Capital Projects</u> |                  |                |                    |
|--------------------------------------|------------------------|------------------|-------------------------|------------------|----------------|--------------------|
|                                      |                        |                  | Statewide               | Physical         |                |                    |
|                                      | Student                | Management       | Sales, Services         | Plant and        | Debt           |                    |
|                                      | <u>Activity</u>        | <u>Levy</u>      | <u>and Use Tax</u>      | <u>Equipment</u> | <u>Service</u> | <u>Total</u>       |
|                                      |                        |                  |                         | <u>Levy</u>      |                |                    |
| <b>Assets</b>                        |                        |                  |                         |                  |                |                    |
| Cash and pooled investments          | \$95,883               | \$246,071        | \$ 157,228              | \$ 80,830        | \$1,289        | \$ 581,301         |
| Receivables                          |                        |                  |                         |                  |                |                    |
| Property tax                         |                        |                  |                         |                  |                |                    |
| Delinquent                           | -                      | 1,657            | -                       | 625              | -              | 2,282              |
| Succeeding year                      | -                      | 260,000          | -                       | 71,589           | -              | 331,589            |
| Accounts receivable                  | 10                     | -                | -                       | -                | -              | 10                 |
| Due from other governments           | -                      | 8                | 101,132                 | 3                | -              | 101,143            |
| Total assets                         | <u>\$95,893</u>        | <u>\$507,736</u> | <u>\$258,360</u>        | <u>\$153,047</u> | <u>\$1,289</u> | <u>\$1,016,325</u> |
| <b>Liabilities and Fund Balances</b> |                        |                  |                         |                  |                |                    |
| Liabilities                          |                        |                  |                         |                  |                |                    |
| Accounts payable                     | \$ 5,796               | \$ -             | \$ 118                  | \$ -             | \$ -           | \$ 5,914           |
| Due to other funds                   | 2,832                  | -                | -                       | -                | -              | 2,832              |
| Deferred revenue                     |                        |                  |                         |                  |                |                    |
| Succeeding year property tax         | -                      | 260,000          | -                       | 71,589           | -              | 331,589            |
| Total liabilities                    | <u>8,628</u>           | <u>260,000</u>   | <u>118</u>              | <u>71,589</u>    | <u>-</u>       | <u>340,335</u>     |
| Fund balances                        |                        |                  |                         |                  |                |                    |
| Restricted for                       |                        |                  |                         |                  |                |                    |
| Student activities                   | 87,265                 | -                | -                       | -                | -              | 87,265             |
| Management levy purposes             | -                      | 247,736          | -                       | -                | -              | 247,736            |
| School infrastructure                | -                      | -                | 258,242                 | -                | -              | 258,242            |
| Physical plant and equipment         | -                      | -                | -                       | 81,458           | -              | 81,458             |
| Debt service                         | -                      | -                | -                       | -                | 1,289          | 1,289              |
| Total fund balances                  | <u>87,265</u>          | <u>247,736</u>   | <u>258,242</u>          | <u>81,458</u>    | <u>1,289</u>   | <u>675,990</u>     |
| Total liabilities and fund balances  | <u>\$95,893</u>        | <u>\$507,736</u> | <u>\$258,360</u>        | <u>\$153,047</u> | <u>\$1,289</u> | <u>\$1,016,325</u> |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

Schedule 2

|                                                           | <u>Special Revenue</u> |                   | <u>Capital Projects</u> |                  |                  |                   |
|-----------------------------------------------------------|------------------------|-------------------|-------------------------|------------------|------------------|-------------------|
|                                                           | <u>Student</u>         | <u>Management</u> | <u>Statewide</u>        | <u>Physical</u>  | <u>Debt</u>      |                   |
|                                                           | <u>Activity</u>        | <u>Levy</u>       | <u>Sales, Services</u>  | <u>Plant and</u> | <u>Service</u>   | <u>Total</u>      |
|                                                           |                        |                   | <u>and Use Tax</u>      | <u>Equipment</u> |                  |                   |
|                                                           |                        |                   |                         | <u>Levy</u>      |                  |                   |
| Revenues                                                  |                        |                   |                         |                  |                  |                   |
| Local sources                                             |                        |                   |                         |                  |                  |                   |
| Local tax                                                 | \$ -                   | \$175,430         | \$ 603,167              | \$ 68,659        | \$ -             | \$ 847,256        |
| Other                                                     | 306,488                | 11,900            | 5,353                   | 148              | 3                | 323,892           |
| State sources                                             | -                      | 97                | -                       | 36               | -                | 133               |
| Total revenues                                            | <u>306,488</u>         | <u>187,427</u>    | <u>608,520</u>          | <u>68,843</u>    | <u>3</u>         | <u>1,171,281</u>  |
| Expenditures                                              |                        |                   |                         |                  |                  |                   |
| Current                                                   |                        |                   |                         |                  |                  |                   |
| Instruction                                               |                        |                   |                         |                  |                  |                   |
| Regular                                                   | -                      | 46,975            | -                       | -                | -                | 46,975            |
| Other                                                     | <u>260,799</u>         | <u>1,265</u>      | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>262,064</u>    |
| Total instruction                                         | <u>260,799</u>         | <u>48,240</u>     | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>309,039</u>    |
| Support services                                          |                        |                   |                         |                  |                  |                   |
| Instructional staff                                       | -                      | -                 | 509                     | 3,179            | -                | 3,688             |
| Administration                                            | 484                    | 4,605             | 4,581                   | -                | -                | 9,670             |
| Operation and maintenance of plant                        | 28,102                 | 40,754            | 99,260                  | 48,503           | -                | 216,619           |
| Transportation                                            | <u>12,294</u>          | <u>13,310</u>     | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>25,604</u>     |
| Total support services                                    | <u>40,880</u>          | <u>58,669</u>     | <u>104,350</u>          | <u>51,682</u>    | <u>-</u>         | <u>255,581</u>    |
| Non-instructional programs                                | <u>-</u>               | <u>15,879</u>     | <u>-</u>                | <u>-</u>         | <u>-</u>         | <u>15,879</u>     |
| Other expenditures                                        |                        |                   |                         |                  |                  |                   |
| Facilities acquisition                                    | -                      | -                 | 260,059                 | -                | -                | 260,059           |
| Long-term debt                                            |                        |                   |                         |                  |                  |                   |
| Principal                                                 | -                      | -                 | -                       | -                | 175,000          | 175,000           |
| Interest and fiscal charges                               | -                      | -                 | -                       | -                | 1,125            | 1,125             |
| Total other expenditures                                  | <u>-</u>               | <u>-</u>          | <u>260,059</u>          | <u>-</u>         | <u>176,125</u>   | <u>436,184</u>    |
| Total expenditures                                        | <u>301,679</u>         | <u>122,788</u>    | <u>364,409</u>          | <u>51,682</u>    | <u>176,125</u>   | <u>1,016,683</u>  |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,809</u>           | <u>64,639</u>     | <u>244,111</u>          | <u>17,161</u>    | <u>(176,122)</u> | <u>154,598</u>    |
| Other financing sources (uses)                            |                        |                   |                         |                  |                  |                   |
| Interfund operating transfers in                          | -                      | -                 | -                       | -                | 176,125          | 176,125           |
| Interfund operating transfers (out)                       | -                      | -                 | (176,125)               | -                | -                | (176,125)         |
| Total other financing sources (uses)                      | <u>-</u>               | <u>-</u>          | <u>(176,125)</u>        | <u>-</u>         | <u>176,125</u>   | <u>-</u>          |
| Net change in fund balances                               | 4,809                  | 64,639            | 67,986                  | 17,161           | 3                | 154,598           |
| Fund balances, beginning of year                          | 82,456                 | 183,097           | 190,256                 | 64,297           | 1,286            | 521,392           |
| Fund balances, end of year                                | <u>\$ 87,265</u>       | <u>\$247,736</u>  | <u>\$ 258,242</u>       | <u>\$ 81,458</u> | <u>\$ 1,289</u>  | <u>\$ 675,990</u> |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2012

Schedule 3

|                                                    | <u>School<br/>Nutrition</u> | <u>Latchkey</u> | <u>Swimming<br/>Pool</u> | <u>FFA<br/>Farm</u> | <u>Total</u>     |
|----------------------------------------------------|-----------------------------|-----------------|--------------------------|---------------------|------------------|
| <b>Assets</b>                                      |                             |                 |                          |                     |                  |
| Cash and cash equivalents                          | \$103,889                   | \$38,547        | \$25,469                 | \$17,197            | \$185,102        |
| Accounts receivable                                | -                           | 2,578           | 87                       | 1,682               | 4,347            |
| Due from other governments                         | -                           | 719             | -                        | -                   | 719              |
| Due from other fund                                | 858                         | -               | -                        | -                   | 858              |
| Inventories                                        | 6,850                       | -               | -                        | -                   | 6,850            |
| Capital assets, net of<br>accumulated depreciation | <u>16,167</u>               | <u>105</u>      | <u>8,636</u>             | <u>7,675</u>        | <u>32,583</u>    |
| Total assets                                       | <u>127,764</u>              | <u>41,949</u>   | <u>34,192</u>            | <u>26,554</u>       | <u>230,459</u>   |
| <b>Liabilities</b>                                 |                             |                 |                          |                     |                  |
| Accounts payable                                   | -                           | 99              | 1,115                    | 1,682               | 2,896            |
| Salaries and benefits payable                      | <u>698</u>                  | <u>6,728</u>    | <u>6,215</u>             | <u>-</u>            | <u>13,641</u>    |
| Total liabilities                                  | <u>698</u>                  | <u>6,827</u>    | <u>7,330</u>             | <u>1,682</u>        | <u>16,537</u>    |
| <b>Net Assets</b>                                  |                             |                 |                          |                     |                  |
| Invested in capital assets                         | 16,167                      | 105             | 8,636                    | 7,675               | 32,583           |
| Unrestricted                                       | <u>110,899</u>              | <u>35,017</u>   | <u>18,226</u>            | <u>17,197</u>       | <u>181,339</u>   |
| Total net assets                                   | <u>\$127,066</u>            | <u>\$35,122</u> | <u>\$26,862</u>          | <u>\$24,872</u>     | <u>\$213,922</u> |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

Schedule 4

|                                    | School<br>Nutrition | Latchkey         | Swimming<br>Pool | FFA<br>Farm      | Total             |
|------------------------------------|---------------------|------------------|------------------|------------------|-------------------|
| Operating revenue                  |                     |                  |                  |                  |                   |
| Local sources                      |                     |                  |                  |                  |                   |
| Charges for service                | \$ 222,814          | \$ 105,814       | \$160,391        | \$ -             | \$ 489,019        |
| Sale of product                    | -                   | -                | -                | 45,768           | 45,768            |
| Total operating revenue            | <u>222,814</u>      | <u>105,814</u>   | <u>160,391</u>   | <u>45,768</u>    | <u>534,787</u>    |
| Operating expenses                 |                     |                  |                  |                  |                   |
| Support services                   |                     |                  |                  |                  |                   |
| Administration                     |                     |                  |                  |                  |                   |
| Benefits                           | -                   | 60               | 70               | -                | 130               |
| Purchased services                 | 938                 | 926              | 1,456            | -                | 3,320             |
| Supplies                           | 100                 | -                | -                | -                | 100               |
| Miscellaneous                      | -                   | 18               | -                | -                | 18                |
| Interest                           | -                   | -                | 1,921            | -                | 1,921             |
|                                    | <u>1,038</u>        | <u>1,004</u>     | <u>3,447</u>     | <u>-</u>         | <u>5,489</u>      |
| Operation and maintenance of plant |                     |                  |                  |                  |                   |
| Purchased services                 | 2,236               | 25               | 31,494           | 596              | 34,351            |
| Supplies                           | 1,031               | 1,918            | 33,506           | 12,030           | 48,485            |
| Depreciation                       | -                   | 248              | 1,186            | 1,285            | 2,719             |
|                                    | <u>3,267</u>        | <u>2,191</u>     | <u>66,672</u>    | <u>13,911</u>    | <u>86,041</u>     |
| Total support services             | <u>4,305</u>        | <u>3,195</u>     | <u>70,119</u>    | <u>13,911</u>    | <u>91,530</u>     |
| Non-instructional programs         |                     |                  |                  |                  |                   |
| Salaries                           | 144,638             | 69,793           | 76,168           | -                | 290,599           |
| Benefits                           | 50,796              | 15,299           | 14,975           | -                | 81,070            |
| Purchased services                 | -                   | -                | 578              | 1,662            | 2,240             |
| Supplies                           | 179,770             | 14,024           | 2,941            | 19,389           | 216,124           |
| Miscellaneous                      | 633                 | -                | -                | -                | 633               |
| Depreciation                       | 2,691               | -                | -                | -                | 2,691             |
|                                    | <u>378,528</u>      | <u>99,116</u>    | <u>94,662</u>    | <u>21,051</u>    | <u>593,357</u>    |
| Total operating expenses           | <u>382,833</u>      | <u>102,311</u>   | <u>164,781</u>   | <u>34,962</u>    | <u>684,887</u>    |
| Operating income (loss)            | <u>(160,019)</u>    | <u>3,503</u>     | <u>(4,390)</u>   | <u>10,806</u>    | <u>(150,100)</u>  |
| Non-operating revenue              |                     |                  |                  |                  |                   |
| Interest income                    | 204                 | 54               | 50               | 36               | 344               |
| State sources                      | 3,467               | -                | -                | -                | 3,467             |
| Federal sources                    | 166,947             | -                | -                | -                | 166,947           |
| Total non-operating revenue        | <u>170,618</u>      | <u>54</u>        | <u>50</u>        | <u>36</u>        | <u>170,758</u>    |
| Net income (loss)                  | 10,599              | 3,557            | (4,340)          | 10,842           | 20,658            |
| Net assets, beginning of year      | 116,467             | 31,565           | 31,202           | 14,030           | 193,264           |
| Net assets, end of year            | <u>\$ 127,066</u>   | <u>\$ 35,122</u> | <u>\$ 26,862</u> | <u>\$ 24,872</u> | <u>\$ 213,922</u> |

See accompanying Independent Auditor's Report.



WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

Schedule 5

|                                                          | School<br>Nutrition | Latchkey  | Swimming<br>Pool | FFA<br>Farm | Total      |
|----------------------------------------------------------|---------------------|-----------|------------------|-------------|------------|
| Cash flows from operating activities                     |                     |           |                  |             |            |
| Cash received from sale of services                      | \$ 227,325          | \$117,819 | \$ 160,704       | \$ -        | \$ 505,848 |
| Cash received from other operations                      | -                   | -         | -                | 46,286      | 46,286     |
| Cash payments to employees for services                  | (196,332)           | (82,434)  | (90,685)         | -           | (369,451)  |
| Cash payments to suppliers for goods and services        | (160,841)           | (16,812)  | (74,191)         | (39,992)    | (291,836)  |
| Net cash provided by (used in) operating activities      | (129,848)           | 18,573    | (4,172)          | 6,294       | (109,153)  |
| Cash flows from non-capital financing activities         |                     |           |                  |             |            |
| State grants received                                    | 3,467               | -         | -                | -           | 3,467      |
| Federal grants received                                  | 143,698             | -         | -                | -           | 143,698    |
| Net cash provided by non-capital financing activities    | 147,165             | -         | -                | -           | 147,165    |
| Cash flows from capital and related financing activities |                     |           |                  |             |            |
| Acquisition of capital assets                            | -                   | -         | (6,330)          | -           | (6,330)    |
| Cash flows from investing activities                     |                     |           |                  |             |            |
| Interest on investments                                  | 204                 | 54        | 50               | 36          | 344        |
| Net increase (decrease) in cash and cash equivalents     | 17,521              | 18,627    | (10,452)         | 6,330       | 32,026     |
| Cash and cash equivalents, beginning of year             | 86,368              | 19,920    | 35,921           | 10,867      | 153,076    |
| Cash and cash equivalents, end of year                   | \$ 103,889          | \$ 38,547 | \$ 25,469        | \$17,197    | \$ 185,102 |

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities**

|                                                                                                         |             |           |            |          |             |
|---------------------------------------------------------------------------------------------------------|-------------|-----------|------------|----------|-------------|
| Operating income (loss)                                                                                 | \$(160,019) | \$ 3,503  | \$ (4,390) | \$10,806 | \$(150,100) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities |             |           |            |          |             |
| Depreciation                                                                                            | 2,691       | 248       | 1,186      | 1,285    | 5,410       |
| Loss on sale of equipment                                                                               | 4,461       | 9,201     | 600        | -        | 14,262      |
| Commodities used                                                                                        | 23,249      | -         | -          | -        | 23,249      |
| Decrease in accounts receivable                                                                         | 50          | 2,823     | 199        | 518      | 3,590       |
| (Increase) in due from other governments                                                                |             | (19)      | -          | -        | (19)        |
| Decrease in inventory                                                                                   | 618         | -         | -          | -        | 618         |
| (Increase) in due from other fund                                                                       | (858)       | -         | -          | -        | (858)       |
| Increase (decrease) in accounts payable                                                                 |             | 99        | (2,295)    | (6,315)  | (8,511)     |
| Increase (decrease) in accrued salaries and benefits                                                    | (40)        | 2,718     | 528        | -        | 3,206       |
| Net cash provided by (used in) operating activities                                                     | \$(129,848) | \$ 18,573 | \$ (4,172) | \$ 6,294 | \$(109,153) |

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2012 the District received \$23,249 of federal commodities.

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund  
For the Year Ended June 30, 2012

Schedule 6

|                        | Balance,<br>Beginning of<br><u>Year</u> | <u>Additions</u> | <u>Deductions</u> | Balance,<br>End of<br><u>Year</u> |
|------------------------|-----------------------------------------|------------------|-------------------|-----------------------------------|
| <b>Assets</b>          |                                         |                  |                   |                                   |
| Cash                   | <u>\$ 57,502</u>                        | <u>\$103,079</u> | <u>\$117,035</u>  | <u>\$43,546</u>                   |
| <br><b>Liabilities</b> |                                         |                  |                   |                                   |
| Due to others          | <u>\$ 57,502</u>                        | <u>\$103,079</u> | <u>\$117,035</u>  | <u>\$43,546</u>                   |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
For the Year Ended June 30, 2012

Schedule 7

| Account                     | Balance,<br>Beginning<br>of Year | Revenues | Expenditures | Balance,<br>End of<br>Year |
|-----------------------------|----------------------------------|----------|--------------|----------------------------|
| Drama/speech                | \$ 628                           | \$ 951   | \$ 1,310     | \$ 269                     |
| Vocal - high school         | 3,795                            | 4,237    | 4,653        | 3,379                      |
| Instrumental - elementary   | 1,381                            | 1,060    | 890          | 1,551                      |
| Instrumental - high school  | 1,113                            | 5,908    | 4,683        | 2,338                      |
| Weight-lifting              | -                                | 500      | (868)        | 1,368                      |
| Cross country               | 1,987                            | 3,820    | 4,277        | 1,530                      |
| Boys' basketball            | 4,958                            | 17,624   | 19,207       | 3,375                      |
| Football                    | 8,479                            | 36,067   | 40,455       | 4,091                      |
| Baseball                    | 4,577                            | 25,983   | 29,567       | 993                        |
| Boys' track                 | 773                              | 4,570    | 5,234        | 109                        |
| Boys' golf                  | 521                              | 1,470    | 1,361        | 630                        |
| Wrestling                   | 3,415                            | 19,014   | 16,552       | 5,877                      |
| Girls' basketball           | 956                              | 17,488   | 14,351       | 4,093                      |
| Volleyball                  | 4,364                            | 33,221   | 30,759       | 6,826                      |
| Softball                    | 5,712                            | 23,571   | 28,064       | 1,219                      |
| Girls' track                | 1,296                            | 4,826    | 3,851        | 2,271                      |
| Girls' golf                 | 734                              | 1,569    | 1,299        | 1,004                      |
| Student services            | 5,302                            | (47)     | 4,919        | 336                        |
| Chess club                  | 6                                | -        | 6            | -                          |
| PIE                         | 541                              | 243      | 45           | 739                        |
| Elementary student leaders  | 121                              | -        | 121          | -                          |
| Students 4 Earth            | 1,233                            | 23       | 52           | 1,204                      |
| Elementary Earth keepers    | 112                              | -        | 112          | -                          |
| Yearbook - high school      | 1,666                            | 13,128   | 10,065       | 4,729                      |
| Yearbook - elementary       | 499                              | -        | 499          | -                          |
| Stepperettes                | 3,165                            | 4,026    | 2,894        | 4,297                      |
| Cheerleaders - high school  | 1,237                            | 3,101    | 2,960        | 1,378                      |
| FFA                         | 142                              | 22,263   | 18,188       | 4,217                      |
| FCCLA                       | 1,682                            | 7,857    | 7,924        | 1,615                      |
| Elementary student activity | 4,488                            | 5,691    | 5,601        | 4,578                      |
| National Honor Society      | 114                              | 1,051    | 244          | 921                        |
| REVIVE                      | 41                               | 175      | 216          | -                          |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
For the Year Ended June 30, 2012

Schedule 7

| Account                        | Balance,<br>Beginning<br>of Year | Revenues          | Expenditures      | Balance,<br>End of<br>Year |
|--------------------------------|----------------------------------|-------------------|-------------------|----------------------------|
| JR/SR activity                 | \$ -                             | \$ 865            | \$ 319            | \$ 546                     |
| Student advisory - junior high | 1,997                            | 1,350             | 1,480             | 1,867                      |
| Student council - high school  | 1,495                            | 4,243             | 4,028             | 1,710                      |
| Reflections Lit Mag            | -                                | 36                | -                 | 36                         |
| Senior class                   | 442                              | -                 | 360               | 82                         |
| Junior class                   | 802                              | 3,360             | 2,376             | 1,786                      |
| Sophomore class                | 2                                | 1,088             | (5)               | 1,095                      |
| Freshmen class                 | 115                              | -                 | 29                | 86                         |
| Prom committee                 | 766                              | -                 | (190)             | 956                        |
| Eighth grade class             | 5,603                            | 3,078             | 3,084             | 5,597                      |
| Media - elementary             | 625                              | 682               | 736               | 571                        |
| Media - jr. and sr. high       | 1,250                            | 358               | 57                | 1,551                      |
| 6th Gr Beaver Store            | 725                              | 400               | 171               | 954                        |
| Enterprise systems             | -                                | 124               | 124               | -                          |
| Applied Econ 1                 | -                                | 283               | 283               | -                          |
| Applied Econ 2                 | -                                | 196               | 196               | -                          |
| Fall canteen                   | -                                | 7,339             | 7,339             | -                          |
| Winter canteen                 | -                                | 4,619             | 4,619             | -                          |
| Spring canteen                 | -                                | 4,902             | 4,902             | -                          |
| Summer canteen                 | 3,272                            | 14,175            | 12,280            | 5,167                      |
| S.O.D.A.                       | 324                              | -                 | -                 | 324                        |
| Totals                         | <u>\$ 82,456</u>                 | <u>\$ 306,488</u> | <u>\$ 301,679</u> | <u>\$ 87,265</u>           |

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Nine Years

Schedule 8

|                                    | Modified Accrual Basis |                    |                     |                    |                    |                    |                    |                    |                    |
|------------------------------------|------------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | 2012                   | 2011               | 2010                | 2009               | 2008               | 2007               | 2006               | 2005               | 2004               |
| Revenues                           |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Local sources                      |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Local tax                          | \$3,726,103            | \$3,659,470        | \$ 3,709,720        | \$3,707,794        | \$3,598,922        | \$3,417,117        | \$3,335,158        | \$3,322,477        | \$3,019,853        |
| Tuition                            | 449,084                | 411,118            | 379,083             | 402,242            | 383,098            | 477,812            | 450,800            | 493,872            | 424,635            |
| Other                              | 448,627                | 530,307            | 468,265             | 433,419            | 549,223            | 482,115            | 467,242            | 446,842            | 318,516            |
| Intermediate sources               | -                      | -                  | -                   | -                  | -                  | -                  | 500                | 3,060              | -                  |
| State sources                      | 4,305,041              | 4,204,232          | 3,718,185           | 4,577,782          | 4,376,521          | 4,134,876          | 3,901,605          | 3,901,564          | 3,498,132          |
| Federal sources                    | 352,506                | 447,969            | 657,108             | 221,715            | 150,894            | 164,436            | 139,652            | 159,079            | 134,745            |
| Total revenues                     | <u>\$9,281,361</u>     | <u>\$9,253,096</u> | <u>\$ 8,932,361</u> | <u>\$9,342,952</u> | <u>\$9,058,658</u> | <u>\$8,676,356</u> | <u>\$8,294,957</u> | <u>\$8,326,894</u> | <u>\$7,395,881</u> |
| Expenditures                       |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Current                            |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Instruction                        |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Regular                            | \$3,332,279            | \$3,400,589        | \$ 3,557,978        | \$3,494,816        | \$3,181,829        | \$3,091,111        | \$3,060,762        | \$3,096,370        | \$3,389,717        |
| Special                            | 1,179,236              | 1,144,315          | 991,773             | 1,053,432          | 897,720            | 943,653            | 966,671            | 921,668            | 1,091,956          |
| Other                              | 1,230,735              | 1,064,807          | 1,064,915           | 999,252            | 983,326            | 921,757            | 926,696            | 1,042,339          | 629,615            |
| Support services                   |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Student                            | 332,524                | 303,467            | 352,485             | 351,388            | 352,716            | 321,797            | 272,911            | 263,003            | 302,904            |
| Instructional staff                | 183,729                | 209,813            | 197,512             | 190,332            | 201,046            | 188,721            | 201,257            | 156,403            | 141,931            |
| Administration                     | 952,541                | 922,493            | 931,409             | 914,904            | 856,757            | 860,445            | 810,396            | 769,867            | 655,070            |
| Operation and maintenance of plant | 820,025                | 790,783            | 716,168             | 745,253            | 794,546            | 699,579            | 639,298            | 507,485            | 489,795            |
| Transportation                     | 264,906                | 341,172            | 306,009             | 407,175            | 364,125            | 321,782            | 314,899            | 286,540            | 221,345            |
| Non-instructional programs         | 15,879                 | 13,765             | 12,532              | 12,085             | 11,216             | 9,499              | 2,429              | 51,944             | 40,301             |
| Other expenditures                 |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Facilities acquisition             | 260,059                | 137,053            | 172,571             | 975,132            | 243,039            | 198,172            | 41,122             | 2,074,304          | 1,152,032          |
| Long-term debt                     |                        |                    |                     |                    |                    |                    |                    |                    |                    |
| Principal                          | 175,000                | 350,000            | 1,330,000           | 375,000            | 525,000            | 510,000            | 460,000            | 215,000            | 195,000            |
| Interest and other charges         | 1,125                  | 4,278              | 59,834              | 34,489             | 39,746             | 51,546             | 60,965             | 69,432             | 62,809             |
| AEA flowthrough                    | 298,248                | 331,288            | 334,015             | 313,332            | 292,563            | 281,206            | 262,759            | 259,147            | 248,092            |
| Total expenditures                 | <u>\$9,046,286</u>     | <u>\$9,013,823</u> | <u>\$10,027,201</u> | <u>\$9,866,590</u> | <u>\$8,743,629</u> | <u>\$8,399,268</u> | <u>\$8,020,165</u> | <u>\$9,713,502</u> | <u>\$8,620,567</u> |

# KAY L. CHAPMAN, CPA PC

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## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education  
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 12, 2013. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

The management of Wilton Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Wilton Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Wilton Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a certain deficiency in internal control over financial reporting I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a

reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the Wilton Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
March 12, 2013

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2012

**Part I. Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES**

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

**Part II. Other Findings Related to Required Statutory Reporting:**

1. Certified Budget - Expenditures for the year ended June 30, 2012 did not exceed the amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.



WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2012

4. Business Transactions - Business transactions between the District and a District official are detailed as follows:

| <u>Name, Title and Business Connection</u>                         | <u>Transaction Description</u> | <u>Amount</u> |
|--------------------------------------------------------------------|--------------------------------|---------------|
| Linda Duncan, board member<br>Part owner of LNT Special Tees, Inc. | Supplies                       | \$5,697       |

The transactions with the board member's business appear to represent a potential conflict of interest since the totals paid to the business totaled more than \$2,500 (as allowed by Chapter 279.7A of the Code of Iowa) during the fiscal year.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will review the situation.

Conclusion - Response accepted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board. However, it was noted that the District did not publish all bills as required by Chapter 279.36 of the Code of Iowa.

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, are published on a monthly basis in compliance with the Code of Iowa.

Response - We will review our policy regarding publication of the bills for the funds that do not contain tax dollars.

Conclusion - Response accepted.

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2012

9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely.
11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

|                                          |                |                   |
|------------------------------------------|----------------|-------------------|
| Beginning balance                        |                | \$ 190,256        |
| Revenues                                 |                |                   |
| Statewide sales and services tax revenue | \$ 603,167     |                   |
| Other local revenues                     | <u>5,353</u>   | 608,520           |
| Expenditures/transfers out               |                |                   |
| School infrastructure                    |                |                   |
| School infrastructure construction       | \$ 260,059     |                   |
| Equipment                                | 104,350        |                   |
| Debt service for school infrastructure   |                |                   |
| Revenue debt                             | <u>176,125</u> | <u>540,534</u>    |
| Ending balance                           |                | <u>\$ 258,242</u> |

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

WILTON COMMUNITY SCHOOL DISTRICT  
Audit Staff  
June 30, 2012

This audit was performed by

Kay Chapman, CPA  
Terri Slater, staff accountant